SASKATCHEWAN

Office of the Provincial Auditor

101-05416/

Annual Report on Operations
For the Year Ended
March 31, 2001

Provincial Auditor Saskatchewan

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Vision

We envision effective, open and accountable government.

Mission

We serve the people of Saskatchewan through the Legislative Assembly.
We are committed to fostering excellence in public sector management and accountability.

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June 12, 2001

The Honourable P. Myron Kowalsky
Speaker of the Legislative Assembly
Room 129, Legislative Building
REGINA, Saskatchewan
S4S 0B3

Dear Sir:

I have the honour to submit my *Annual Report on Operations For the Year Ended March 31, 2001* to be laid before the Legislative Assembly in accordance with the provisions of Section 14 of *The Provincial Auditor Act*. The information contained in this report reflects known events up to May 11, 2001.

Respectfully submitted,

Fred Wendel, CMA, CA
Acting Provincial Auditor

/dd

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Introduction

Important themes in our reports to the Legislative Assembly are the Government reporting on its performance and accountability. Our Office is also accountable to the Assembly for our performance. This Report on our Office's performance is an integral part of our accountability relationship with the Legislative Assembly.

Examining the many diverse agencies of the Government of Saskatchewan is a unique opportunity to improve public administration. Our 2000–2003 Strategic Plan guides our efforts. It sets out our goals, objectives, risks, and key strategies. (Reports issued by our Office are available on our website at http://www.auditor.sk.ca.)

The success of our Office depends on many people. In each of the last six years, legislators have supported our Office's resource requests outlined in our *Business and Financial Plans*. Adequate resources help to ensure our work is relevant, reliable, and cost effective. Also, the hard work, dedication, and skills of our employees make it possible to provide our assurance and advice to the Legislative Assembly and the Government. In addition, we rely on the co-operation and assistance of government officials and their appointed auditors. And finally, the careful review of our Reports by legislators and the public is key to our success.

Our 2000 Spring Report and 2000 Fall Report - Volumes 2 and 3 contain our assurance and advice to the Legislative Assembly. We think these reports help to improve public sector governance and management. Improving these processes helps to improve decision-making and ultimately, program performance.

Our 2000 Fall Report - Volume 1 focuses on understanding the finances of the Government using several key financial and economic indicators. These indicators provide insights into the sustainability of government programs, the flexibility of the Government to increase its revenues or debt, and the vulnerability of Government's revenues to influences outside of its control. This report is particularly important because the Government does not produce a report containing this information.

In April 2001, we issued a Special Report to the Legislative Assembly of Saskatchewan Regarding Changes to *The Provincial Auditor Act*, Bill 14. We thought it was important for the Assembly to have our views of Bill 14,

An Act to amend The Provincial Auditor Act because the Provincial Auditor administers the Act. We support the Bill because it enhances the Provincial Auditor's independence and maintains the Government's accountability to the Assembly. Also, the Bill results from a reasonable process that provided for adequate consultation among key legislators, the Minister of Finance, and our Office.

We work in a dynamic environment. The key forces and trends we have identified continue to shape our work. As we describe in this report, 2001 was another year of challenge, accomplishment, and change for the Office.

Assessing Our Effectiveness

Members of the Legislative Assembly have asked, "How do we assess your Office's effectiveness?" We think Members can do such an assessment as follows:

- To be effective, we need to do work that the Standing Committee on Public Accounts considers useful in carrying out its role. Members can talk with the Committee to determine whether the Committee considers our work useful in helping it discharge its role.

- Our annual business and financial plans are public documents. Members can use the information presented in these documents to help assess whether the work we plan to do is useful to them in carrying out their roles.

- Members can use the information contained in this report to help them assess our effectiveness. In this report, we describe our performance in achieving our goals and objectives and compare what we told the Assembly we planned to do in our *Business and Financial Plan for the Year Ended March 31, 2001* with what we actually did. Our performance measures include the quality and efficiency of our inputs, the quality of our outputs, and the intermediate outcomes of what we do. Exhibit 1 on page 5 explains what we mean by the terms inputs, outputs, and intermediate outcomes.

- Members can ask our Office questions on what we plan to do and what we have actually done. Such questions can be asked at any time, including the public meetings of the Board of Internal Economy, the Standing Committee on Estimates, and the Standing Committee on Public Accounts.

We give the Assembly our annual reports on operations and our annual business and financial plans. The Assembly refers these reports to the Standing Committee on Public Accounts. This allows the Committee to assess our performance and the relevance of our planned work to the Committee's role of holding the Government to account for its management of public resources. The Committee's mandate states the Committee will "work with the Provincial Auditor to achieve maximum accountability to the Legislature."

Who We Serve

Our role

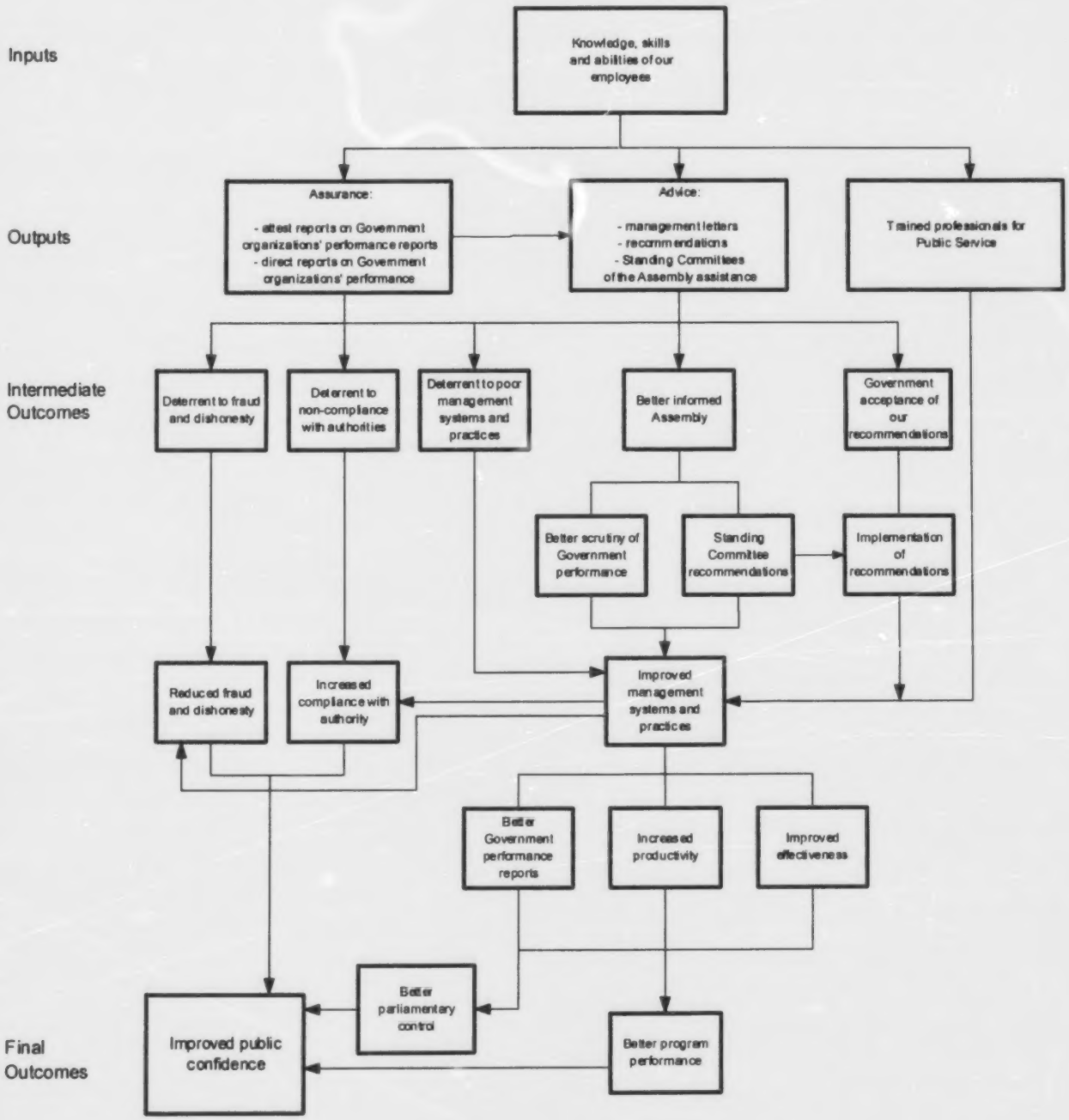
The Office of the Provincial Auditor helps the Legislative Assembly hold the Government accountable for how it manages public money. Our Office examines the Government's management of public resources and reports our findings to the Assembly.

Legal status

The Provincial Auditor Act creates an officer of the Legislative Assembly called the Provincial Auditor. The Act gives the Provincial Auditor the responsibility, authority, and independence to audit and publicly report on all government agencies.

What We Do and the Impact of Our Work

Exhibit 1



What We Do

Our Vision

We envision effective, open and accountable government.

Our mission

We serve the people of Saskatchewan through the Legislative Assembly. We are committed to fostering excellence in public sector management and accountability.

Our mission shapes what we do and how we respond to key economic, political, social, and technological forces affecting those we serve.

How we carry out our mission

To fulfil our mission, we examine and provide independent assurance on the Government's management of and accountability practices for the public resources entrusted to it. We:

- Advise the Legislative Assembly about:
  - the reliability of the Government's financial information;
  - the Government's compliance with legislative authorities; and
  - the adequacy of the Government's management of public resources.
- Encourage discussion and debate about public sector management and accountability issues.
- Assist the Standing Committees on Public Accounts and Crown Corporations.
- Develop professionals for public service.
- Support and adhere to the accounting and assurance standards recommended by The Canadian Institute of Chartered Accountants.

Our reports

We report our assurance and advice to the Legislative Assembly and the Government.

At the end of each examination, we prepare a draft report of our conclusions, findings, and recommendations. We discuss the draft with senior officials of the related agency and revise the draft when necessary. We issue a final report to the Minister responsible, to senior officials of the agency and, if applicable, to the chair of the board of directors. Also, we normally send a copy to the Chair and Secretary of Treasury Board, and to the Provincial Comptroller.

Also, we provide the Assembly our conclusions (assurances) on the reliability of the financial statements and other performance reports issued by government agencies.

In addition, we report directly to the Assembly each year. These reports contain the matters that we think are significant to the Assembly and the public. We decide what matters to report in the context of the following questions:

- Does the matter affect the Assembly's ability to control the financial activities of the Government?
- Does the matter affect the Assembly's ability to hold the Government accountable for how it administers public money?
- Does the matter involve improving how the government administers public money?
- Does the matter involve non-compliance with legislative authorities?

We assess these questions of what to report in the context of specific government sectors, programs, and agencies and in the context of the Government-as-a-whole.

When an agency's financial statements, compliance with authorities, and rules and procedures to safeguard assets are satisfactory, we also report that information to the Government and the Legislative Assembly.

Outcome of our work and reports

Exhibit 1 on page 5 shows the outcomes of our work.

For our parliamentary system of government to work properly, the system must have the public's confidence. To merit this confidence, governments must be open and accountable.

Our work and reports directly affect the public's confidence in our system of government. They provide the public with confidence that the Government's financial and other reports are reliable, the Government uses adequate systems and practices to safeguard and control public resources, and the Government has complied with governing authorities.

One responsibility of the Legislative Assembly is to hold the Government accountable for the management of public resources. Our work and reports help the Assembly to carry out this responsibility.

Our reports call for appropriate public accountability for government operations and for sound management systems and practices in government agencies. Our work and reports contribute to informed decision making in government and business-like systems and practices. In turn, this helps the Government carry out its responsibility to use sound management systems and practices.

Our competencies

Our knowledge, skills, and abilities affect what we do for the public, the Legislative Assembly, and the Government. We apply the following special competencies to our work and reports:

- objectivity, because of our full independence from the Executive Government;
- thorough knowledge of the:
  - complex structure and systems the Government uses to manage public resources;
  - structure of legislative authorities governing the activities of government agencies related to financial reporting,

safeguarding assets, revenue raising, spending, borrowing, and investing;

- audit of information systems; and

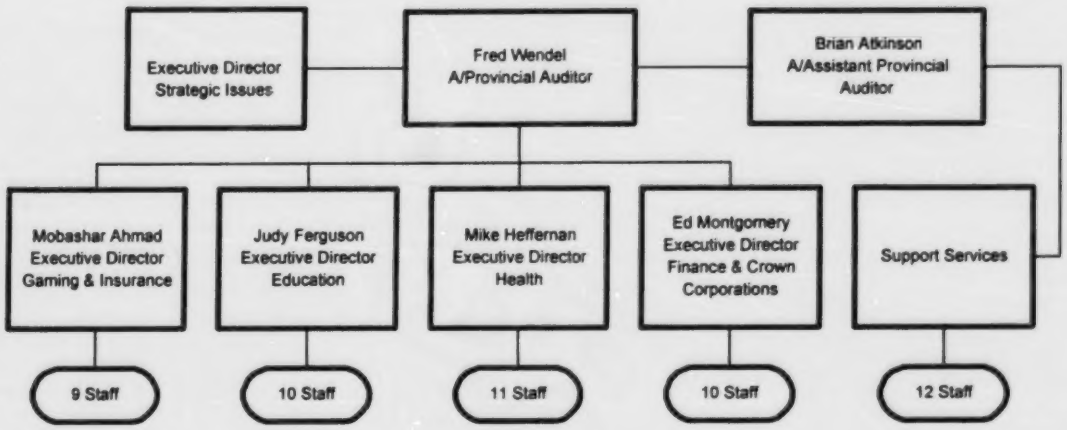
- accounting and assurance standards recommended by The Canadian Institute of Chartered Accountants;

- working knowledge of the issues facing government agencies operating in many and diverse types of businesses including education, health, insurance, protection of people and property, pension and benefit plans, energy, telecommunications, gambling, transportation, construction, and financial services; and

- a business view derived from rigorous professional training that we blend with our practical knowledge of public administration.

Our Organization

Exhibit 2



On April 19, 2000 Wayne Strelioff resigned as Provincial Auditor. Fred Wendel was appointed Acting Provincial Auditor until a new Provincial Auditor is appointed.

Our Gaming and Insurance Division's responsibilities include examining the Government's gaming, insurance, and pension programs. The Government's insurance and pension programs are large. The Government's pension liabilities alone total nearly $7 billion. Pension and insurance programs require our staff to acquire special knowledge of the accounting practices for property and casualty insurance and pension plans. Also, we must understand the methods used by actuaries to determine liabilities for insurance claims and pensions.

Our Education Division's responsibilities include examining the Government's education, post-secondary education and skills training, and infrastructure programs. The kindergarten to grade 12 education system and the post-secondary education system (e.g., universities, SIAST, and regional colleges) spend over $1.6 billion annually.

Our Health Division's responsibilities include examining the Government's health, justice, and social services programs. Total public spending on health for the year ended March 31, 2000 was $2.15 billion. For the year ended March 31, 2001, much of the Division's work focused on auditing the district health boards created by the Government.

Our Finance and Crown Corporations Division's responsibilities include examining the Government's programs carried out through the Department of Finance and the Crown Investments Corporation of Saskatchewan. Those programs are complex and affect almost all aspects of government.

Our Support Services Division's responsibilities include administration, research, methodology, training, secretarial, clerical, and information technology. Also, the Division is responsible for our government-wide information technology audits. In addition, the Division co-ordinates our work to encourage the Government's efforts in moving to a public accountability system focussed on results.

At March 31, 2001, our Office employed 58 people. Twenty-nine of our employees are professional accountants. Seventeen are training to become professional accountants.

We have the services of a health professional, a lawyer, and a librarian. Also, during the year, we had one of our senior professional accountants on secondment with another agency. The skills, experience, and perspectives of these professionals will be particularly valuable as we continue to examine broader and more in-depth issues.

Our employees are our most valuable resource because "what we do" depends on their knowledge and skills. Creating and maintaining an environment that encourages and rewards ongoing learning is crucial to our success.

What We Plan to Do

Our goals and objectives

Exhibit 3 sets out our goals, objectives, and strategies for the years ending March 31, 2001 to 2003. The Exhibit also sets out the performance indicators we use to measure our success in achieving our goals and objectives and our performance targets for those indicators.

During 2000, our Office renewed its strategic plan. As a result, the information contained in Exhibit 3 is different than the information presented in our 2001 *Business and Financial Plan*. The goals are unchanged but the objectives, strategies, and performance indicators represent our current thinking.

Exhibit 3

Goals, Objectives, Strategies and our Indicators of Success for Years Ending March 31, 2001 to 2003

Goal 1: Foster Well-Managed Government

Objectives		Strategies	
a)	The Government uses a sound public accountability framework.	i)	Assess the Government's public accountability framework.
		ii)	Encourage the Government to use a sound public accountability framework.
b)	The Government uses adequate processes to plan and to achieve planned results.	i)	Evaluate the Government's processes to plan including its risk identification.
		ii)	Evaluate the Government's processes to achieve planned results including its risk management.
c)	Our stakeholders receive our assurance and advice on the Government's public accountability framework, and the processes it uses to plan and to achieve planned results.	i)	Provide timely assurance and advice to our stakeholders.

Indicators of Success:

- The Government acts on 80% of our recommendations that are more than one year old that do not involve major changes.
- The Government acts on 80% of our recommendations that are more than five years old that involve major changes.
- The Public Accounts Committee accepts 90% of our recommendations that it considers.

Goal 2: Encourage Good Reporting by Government

Objectives		Strategies	
a)	The Government publicly reports its plans based on a sound public accountability framework.	i)	Encourage the Government to publicly report its plans.
		ii)	Examine whether the Government's public planning reports include all essential elements.
b)	The Government publicly reports the extent to which it has achieved its planned results.	i)	Encourage the Government to publicly report the extent to which it has achieved its planned results.
		ii)	Examine whether the Government's public performance reports include all essential elements.
		iii)	Encourage the Government to prepare financial statements for its departments.
		iv)	Examine whether the Government's financial statements are reliable.
		v)	Examine the reliability of key operational performance information included in the Government's performance reports.
c)	Our stakeholders receive our assurance on the Government's key public planning and performance reports.	i)	Provide timely assurance and advice to our stakeholders.

Indicators of Success:

- By 2002, 50% of significant government agencies make public their plans.
- In 2002, the Government-as-a-whole publicly reports its plans for the 2002-03 fiscal year.
- By 2002, 50% of all Departments include departmental financial statements in their annual performance reports.
- By 2003, 50% of significant government agencies' performance reports we examine set out information on their key risks and how they manage those risks.

Goal 3: Manage Our Business Effectively

Objectives		Strategies	
a)	Our stakeholders know and value what we do.	i)	Seek and monitor the views of our stakeholders on our plans and performance.
		ii)	Identify and monitor the risks faced by our stakeholders.
		iii)	Adjust our work, priorities and resource allocation to respond to our understanding of the risks faced by our stakeholders.
		iv)	Obtain the resources and competencies necessary to respond to the risks faced by our stakeholders.
		v)	Communicate in a clear, accessible and timely manner.
		vi)	Maintain our independence.
b)	We are leaders in key areas of our profession.	i)	Define the unique characteristics of the profession of legislative auditing.
		ii)	Set out the areas of our profession for which we maintain leadership expertise.
		iii)	Set out the subject matters for which we maintain in-depth knowledge.
		iv)	Maintain access to the necessary competencies.
		v)	Encourage government officials, other public-sector officials, and professional colleagues to seek our advice and training programs and to seek experience with our Office.
c)	We continuously improve our work.	i)	Incorporate the CICA's Criteria of Control into our methodology.
		ii)	Maintain current and effective methodology.
		iii)	Ensure we have qualified professional staff with access to the right competencies.
		iv)	Strengthen the way our working environment embraces our values.

Objectives	Strategies
	v) Strengthen and simplify our management information system. vi) Strengthen and simplify our administrative practices. v) Strengthen how we plan, assess and report our performance.

Indicators of Success:

- Our work is relevant (see Indicators of Success for Goal 1).
- Our work is completed by established deadlines and within the planned costs set out in our Business and Financial Plan.
- Our staff resources are used as set out in our Business and Financial Plan.
- Our stakeholder surveys indicate a positive trend in satisfaction with our work.
- Our corporate culture surveys indicate a positive trend in our working environment.
- The Institute of Chartered Accountants of Saskatchewan reports our work meets professional standards.
- Our Professional Accounting Program pass rates exceed the provincial average each year.
- The Assembly receives our Business and Financial Plan and our Annual Report on Operations each year.
- The Assembly receives a Fall and Spring Report each year.
- Our auditor reports publicly and positively on our performance (e.g., our financial statements, our compliance with *The Provincial Auditor Act* and the adequacy of our system of internal control).

Our values

Our values also affect what our Office can accomplish. We believe in:

Accountability - actively taking responsibility for and explaining our actions

Credibility - earning and keeping the respect and confidence of our stakeholders

Equity - being fair to others

Professionalism - being objective, independent and courteous, and acting with integrity

Effectiveness - achieving planned goals and objectives

Leadership - setting a good example and accomplishing positive results

Innovation - seeking better ways to achieve results

Teamwork - working together to achieve results

Balance - respecting work, home, and community responsibilities

Factors affecting our work plan

Annually, we prepare a detailed work plan and provide that plan to the Assembly. The work plan reflects our goals and values and several other key factors.

Our work plans ensure we fulfil our legislative responsibilities under *The Provincial Auditor Act*. The Act sets out the agencies we must examine.

We prepare our work plan in August or September each year for the next fiscal year. When we prepare the plan, it reflects known information about:

- the publicly known level of government revenue and spending;

- the number of government agencies;
- the quality of the government's records, systems, and practices;
- the Government's use of appointed auditors;
- professional standards;
- the co-operation we expect to receive from government officials and appointed auditors when we do our work; and
- the public's expectations.

Forces and trends affecting our work plan

Forces and trends also affect our work plans. Three major forces affect our stakeholders (i.e., legislators, the public, and government officials) and thus, shape our work.

Globalization - creating an internationally competitive, integrated, and interdependent world.

Advancing technology - making possible new ways of communicating and doing things, often at less cost and in a more timely manner.

Changing demographics - a growing aboriginal population and an aging population.

Pressure on the environment - leading to increased awareness and concern about sustainable development.

These forces and trends have increased the public's expectations. For example, current technology gives the public more accessible information and knowledge about services and taxes in other jurisdictions. Changes in demographics will result in increased demands for services (e.g., health care). The Government's ability to manage scarce public resources and meet the public's increased expectations, impacts public attitude.

In Saskatchewan, these forces and trends are straining public resources and are causing legislators, government officials, and the public to re-examine the role of the Government, how it organizes and delivers programs and services, and how it ensures adequate participation in decision making.

Our focus

We plan to focus our efforts on helping legislators, government officials, and the public assess the challenges emerging from these forces and trends. In particular, we will encourage the Government to:

- report on how it manages the risks related to globalization, advancing technology, changing demographics and pressure on the environment;
- report on how it manages the risks related to the public's valuable infrastructure;
- strengthen its management of and accountability for intergovernmental programs;
- implement a sound government-wide accountability framework that embraces performance and risk management;
- improve the quality of information provided to legislators on the plans and performance of the Government-as-a-whole and on each of its agencies including Crown corporations; and
- support a strong professional development program with a focus on performance and risk management.

Risk Management

Our key risks

Sound risk management is essential to ensure we help the Legislative Assembly hold the Government accountable for its management of public resources. To manage risk, we must identify, assess, and reduce the possible adverse consequences the Office may experience from events or circumstances.

We routinely identify and assess our risks. We have established controls to reduce the likelihcod that our risks will have an adverse consequence on our ability to carry out our responsibilities under *The Provincial Auditor Act*. However, we accept some risk because it is not cost effective to fully eliminate risks. The following are our key risks:

Our stakeholders do not support our goals and objectives. For the Office to remain viable, our stakeholders should support our goals and objectives. Pursuing our goals and objectives must result in relevant assurance and advice for legislators, the public, and government officials. As discussed more fully in the risks that follow, we have established controls to ensure we set goals and objectives that will result in relevant assurance and advice for our stakeholders.

We do not adequately understand or respond to the challenges and risks faced by our stakeholders. We must understand the challenges and risks faced by the Government to ensure our assurance and advice is reliable. The way the Government manages its risks impacts on the type and extent of work we must do to report with confidence to the Assembly.

We must also understand the challenges and risks faced by legislators and the public to ensure our assurance and advice is relevant. To be relevant, our assurance and advice should result in better parliamentary control and better program performance.

In Exhibit 3, on pages 12 to 15, we set out our goals, objectives, and strategies to ensure we understand the challenges and risks faced by the Government, legislators, and the public.

The Standing Committee on Public Accounts is unable to fulfil its responsibilities. The Committee is the audit committee for the Legislative Assembly. The Committee is a key agent of change for improving the Government's management of public resources. The Committee's mandate is to help the Assembly hold the Government accountable for its spending of taxpayers' money and for its stewardship over public assets. The Committee reviews, examines, and evaluates the financial and administrative activities of government departments and Crown agencies. The Committee works with the Provincial Auditor to effectively carry out its mandate.

Our Office must provide independent, relevant, and reliable information that is consistent with the Committee's objectives. To do this, the Provincial Auditor works closely with the Committee. Also, the Office provides the Assembly with an annual business and financial plan and an annual report on operations. In addition, Members ask our Office questions about what we do and why.

Our February 2000 *Special Report by the Provincial Auditor to the Legislative Assembly of Saskatchewan regarding Changes to The Provincial Auditor Act* recommends that the Act should require our Office to give the Assembly an annual business and financial plan and an annual report on operations. And, we recommend the Committee review these reports and provide its advice to our Office.

We lose or are perceived to lose our independence. *The Provincial Auditor Act* makes our Office responsible to examine all public money managed by the Government (e.g., departments, boards, corporations) and the Legislative Assembly (e.g., Board of Internal Economy).

The Act makes our Office independent of appointed and elected officials so we can ensure the proper administration of the Act without fear of reprisal.

The Act decides which agencies the Office must examine. The Office decides what work needs to be done and how the work is carried out for the proper administration of the Act.

We carefully guard our independence and report to the Assembly when we are concerned about our independence.

We provide inappropriate or incorrect assurance and advice. Stakeholders must trust and value our assurance and advice. Gaining and keeping their confidence in our work and reports is essential to the viability of the Office. In Exhibit 3, on pages 12 to 15, we set out our goals, objectives, and strategies to ensure our assurance and advice is reliable.

Also, in the next section (why systems and practices are important), we describe our quality control systems and practices to ensure our assurance and advice is reliable. We think those systems and practices reduce our risk to an acceptable level. However, we recognize systems and practices sometimes fail because of factors such as procedural failures and human error.

We do not have the required competencies and resources. The quality of our assurance and advice is dependent on the knowledge, skills, and abilities of our employees. We have training programs to

ensure our employees have the special competencies we discuss on pages 8 and 9.

To discharge our statutory responsibilities, we need sufficient resources to retain the required competent work force and to equip, support, and house them. We need the support of legislators to obtain required resources. To gain this support, we have established controls to ensure our assurance and advice is relevant to legislators and is reliable. Also, we make public a comprehensive business and financial plan annually to build legislators' support for our request for resources. When we do not have sufficient resources to pay for the cost of our work force, we reduce the number of our employees. When this happens, we do not do all the work the law requires us to do and we advise our stakeholders.

We do not manage our resources effectively. Our management practices must ensure we use our resources effectively. We have established systems and practices to keep this risk at a minimum. These systems and practices include such things as setting direction, setting performance targets, having effective communication processes, monitoring our values, training staff, segregating duties, maintaining procedural manuals, delegating authority, processing transactions, reporting, and monitoring results.

Why systems and practices are important

Systems and practices ensure we have appropriate controls to manage the risks that might prevent our Office from achieving its goals and to ensure sound financial management. The following briefly describes those systems and practices.

Systems and practices for achieving Goals 1 and 2

For the risks associated with Goal 1 (foster well-managed government) and Goal 2 (encourage good reporting by government) set out on pages 12 and 13, we need rules and procedures to:

- ensure the quality of our work;
- identify and report opportunities for improving government agencies' performance reports and their management systems and practices; and

- ensure our work covers all government agencies.

The following rules and procedures ensure the quality of our assurance and advice.

- We use standard methods for carrying out our work. We continually refine those methods to reflect industry best practices. The methods cover how we plan, execute, supervise, and report our work. We monitor all work to ensure it meets our standard methods.
- We have hiring and training policies and procedures to help ensure staff have the knowledge, skills and abilities necessary to do their work. These policies also ensure we broaden staff skills including health, education, social services, and general management.
- We routinely make inquiries of our staff to ensure they comply with our objectivity standards.
- We have rules and procedures for working with other auditors who audit some government agencies.

The following rules and procedures ensure we encourage the Government to improve its performance information and its management systems and practices.

- Our personnel policies and procedures ensure employees know our goals and objectives. Each employee's annual work plan shows how the employee will contribute to achieving our goals and objectives. These work plans are continually monitored.
- We have established standards that require us to report to government agencies in writing our conclusions, findings, and recommendations after each examination. Those standards also require us to meet with management to discuss our reports and gain support for our recommendations.

The following rules and procedures ensure our work covers all government agencies.

- Government agencies are created or wound up by the Legislative Assembly, Cabinet, and existing government agencies. We

monitor the actions of these parties and continually change our list of government agencies.

- We prepare an annual work plan for the Office that covers all government agencies. We estimate the costs of carrying out the plan and ask the Assembly for the money to carry out the work plan.

Systems and practices for achieving Goal 3

For Goal 3 (manage our business effectively) set out on pages 14 and 15, we need rules and procedures for carrying out our work effectively.

The following rules and procedures help us improve our performance.

- We make our annual business and financial plan public and monitor our performance.
- We have established systems and practices to ensure sound financial management of our assets.
- For Goals 1 and 2, we have established rules and procedures to ensure the quality of the assurance and advice we provide to legislators and the public. These rules and procedures include systems to ensure best practices. We continually compare the way we do our work with private-sector auditors and other legislative auditors.
- We forecast the cost of each audit and monitor the actual cost of each audit. We compare planned costs to actual costs and act on variances. We also routinely compare our costs to audit government agencies with private sector auditors' costs to audit government agencies.
- We plan the use of our employees' time and monitor our employees' actual use of time. We compare planned results to actual results and act on variances.
- To ensure the continued relevance of our work, we monitor legislators' and the Government's acceptance of our recommendations. We also monitor legislators', Legislative Committees' and the media's use of our reports.

- We continuously seek advice from stakeholders when we work with appointed auditors.
- We seek information to monitor government agencies' satisfaction with our work.
- We monitor our employees' views of our working environment.

What We Have Done

Background for measuring our performance

We have three basic outputs (products). See Exhibit 1, page 5. These are assurance (audit reports), advice (recommendations), and trained professionals for public service. Generally, our advice is a by-product of our assurance work. We deliver our products several ways.

We provide assurance and advice to government officials. We provide assurance by way of reports on the reliability of financial statements, compliance with authorities, and the adequacy of management systems and practices. We provide advice and assurance by way of letters to management setting out our conclusions, findings, and recommendations for improvement.

We also provide assurance and advice to the Legislative Assembly and the public in our Spring and Fall reports to the Assembly. These two reports summarize our work at government agencies. The reports provide assurance and advice on the Government-as-a-whole, sectors of the Government, and on each government agency's financial statements, its compliance with authorities, and the adequacy of its management systems and practices.

As shown in Exhibit 1 (page 5), our assurance and advice result in two final outcomes. These outcomes are improved public confidence in government and improved performance in the delivery of government programs. We think the Government can gain improved public confidence by improving its performance reports (i.e., business and financial plans and annual reports). We also think the Government can improve the delivery of its programs by acting on our recommendations.

Our trained professionals leave our Office to work in the public service. They contribute to improved management systems and practices in those agencies. During the year ended March 31, 2001, six of the eleven employees who left the Office continue to work in public service positions (two in Saskatchewan and four in other jurisdictions).

Our major input cost to produce our products is salaries and benefits. Salaries and benefits account for nearly 80% of our spending. We carefully monitor the use of staff time.

Reporting publicly on our performance

Our performance targets are to provide the Assembly with our business and financial plans and our annual reports on operations.

During the year, we provided the Assembly with our *Annual Report on Operations for the year ended March 31, 2000* and our *Business and Financial Plan for the year ending March 31, 2002.*

Measuring our performance

We measure our success in achieving our goals and objectives by monitoring our performance targets for each of our performance indicators. Our 2001 *Business and Financial Plan* sets out our performance indicators and performance targets for our goals and objectives.

The following discussion and exhibits provide a report card on our performance. We set out our actual and target performance by goal for each of our performance indicators.

Goal 1: Foster well-managed government

We measure our success in fostering well-managed government based on the Government's and the Assembly's acceptance of our recommendations.

Government's acceptance of our recommendations

We make two kinds of recommendations to the Legislative Assembly for improving the Government's performance reports and the Government's

delivery of its programs. Type 1 recommendations are easier to carry out. We expect that the Government will act on 80% of Type 1 recommendations that are more than one year old. Type 2 recommendations are more difficult to carry out. We expect that the Government will act on 80% of Type 2 recommendations that are more than five years old.

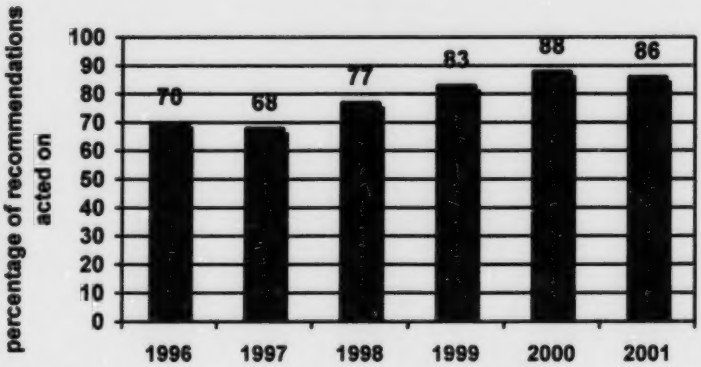
We track our Type 1 recommendations over a five-year period. From April 1996 to March 2001 we made 421 Type 1 recommendations. Of those recommendations, 46 are less than one year old.

We track our Type 2 recommendations over a ten-year period. From April 1994 to March 2001 we made 214 Type 2 recommendations. Of those recommendations, 145 are less than five years old.

Exhibit 4 shows the percentage of the Type 1 recommendations that the Government has acted on that are more than one year old. The exhibit shows a positive trend in the Government's actions on our recommendations. We have achieved our target that the Government acts on 80% of our Type 1 recommendations that are more than one year old.

Exhibit 4

Percentage of Total Type I Recommendations More Than One Year Old Acted on by the Government



Our target of performance for Type 2 recommendations is that the Government acts on 80% of these recommendations that are more than five years old. We began tracking these recommendations in April 1994. This is the second year we have data to compare to our target. Of the 69

Type 2 recommendations that are more than five years old, 86% have been acted on. This is an increase from last year when, of the 35 Type 2 recommendations that were more than five years old, 83% had been acted on. We have achieved our target that the Government acts on 80% of our Type 2 recommendations that are more than five years old.

Assembly's acceptance of our recommendations

The Legislative Assembly refers our reports to the Standing Committee on Public Accounts. The work of the Committee is necessary for our Office to help improve accountability and the delivery of government programs. We expect the Committee, and thus the Assembly, will concur in 90% of our recommendations.

We track our recommendations to the Assembly for improving the Government's performance reports and the Government's delivery of its programs over a five-year period. During the five-year period ending March 31, 2001, we have made 581 recommendations and the Committee has considered 287 of these recommendations.

The Committee has not considered all our recommendations for several reasons. As we reported in 1996, there was no Committee for most of the year ended March 31, 1996. As a result, the Committee had much work to do before it could consider our current reports. The lack of a Committee also affected the timeliness of the Committee's review of our 1996 and 1997 reports. The Committee decided not to consider 142 of the recommendations in these older reports because we advised the Committee that the Government had already satisfactorily acted upon those recommendations. The Committee met frequently during the year ended March 31, 1999 and completed its review of all our reports up to and including our 1998 Fall Report – Volume 2.

The Committee also decided not to review a further 18 of our recommendations. The Committee recommended that the Legislative Assembly refer these recommendations to the Standing Committee on Crown Corporations for review.

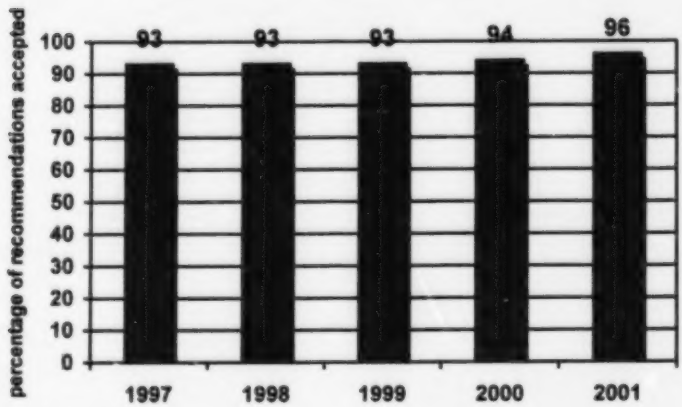
At the date of this report, the Committee has begun review of the 134 recommendations included in our 1999 and 2000 Spring and Fall Reports.

We measure our success based on the Standing Committee's acceptance of our recommendations that it considers. Our performance target is to have the Committee accept 90% of our recommendations that the Committee considers.

Exhibit 5 shows the percentage of our recommendations considered by the Committee that it accepted. The exhibit shows we have achieved our target in each of the past five years.

Exhibit 5

Percentage of our Recommendations Considered by PAC that were Accepted or Partially Accepted by PAC



We also measure our success by reporting in our Spring and Fall reports on government agencies' key operating, financial, and compliance with authorities risks that should be included in their performance reports. Our target was that by the year 2000 we will have included in our Spring and Fall reports the key risks for 17 government agencies.

We have achieved our performance target. For the past six years, we have included in our reports to the Assembly risks that government agencies should include in their performance reports. Exhibit 6 shows our progress in reporting key risks.

Exhibit 6

Report Name	Agency where we identified risks
1995 Fall Report	Government-as-a-whole – information technology
1996 Spring Report	Government pension plans Public Service Commission
1996 Fall Report	Workers' Compensation Board
1997 Spring Report	Board of Internal Economy Department of Health Department of Highways and Transportation
1997 Fall Report - Volume 2	Crown Investments Corporation of Saskatchewan Department of Economic Development Department of Social Services
1998 Spring Report	Saskatchewan Transportation Company Department of Finance
1998 Fall Report - Volume 2	Department of Education Department of Labour Department of Justice Department of Post-Secondary Education and Skills Training Liquor and Gaming Authority
1999 Fall Report - Volume 2	Department of Environment and Resource Management
2000 Spring Report	Saskatchewan Power Corporation Government-as-a-whole – privacy
2000 Fall Report – Volume 3	Government-as-a-whole – infrastructure

Goal 2: Encourage good reporting by Government

We measure our performance by comparing the Government's performance reports to established standards for good performance reporting. We expected that 50% of the Government's March 31, 1998 and December 31, 1998 annual reports we examined would set out information on key risks.

We examined nine March 31 and December 31, 1998 annual reports. None of the reports we examined set out information on key risks. However, we made the following progress in setting out our criteria for performance reports and encouraging the Government to improve its performance reports.

We reported to the Assembly the established standards we use to assess the business and financial plans and annual reports of government agencies.

We reviewed the annual reports of government agencies. We advised the agencies on how to improve these annual reports. Since 1993, our reports to the Assembly contain chapters with our findings and conclusions.

In our 1998 Spring Report, we conclude that the government's performance reports are improving slowly. The Government has issued guidelines for preparing annual reports. As government agencies begin to follow these guidelines, their annual reports will improve.

In January 2000, Crown Investments Corporation (CIC) approved a policy requiring the public reporting of key elements of a "Balanced Scorecard" in the annual reports of CIC and its subsidiary Crown corporations, such as SaskEnergy. The Balanced Scorecard is used to evaluate financial performance and progress towards targets in the areas of innovation and growth, customer satisfaction, and public policy. CIC's policy sets minimum disclosure requirements for the year 2000 annual reports and additional requirements for the year 2002. When these policies are implemented, legislators and the public will be better able to assess the performance of CIC and its subsidiary Crown corporations.

We also note that most pension plan annual reports now show performance indicators, such as planned rates of return compared to

actual rates of return. This important information will help legislators and the public assess the performance of pension plans.

Financial statements are key performance reports. We advised the Assembly and government agencies of the need to show planned results and to make financial statements for similar agencies comparable. We note the following significant improvements:

- Most government agencies' financial statements now show a comparison of planned results to actual results; and
- Most pension plan financial statements are now comparable because administrators are using consistent estimates, when appropriate, for determining their pension liabilities.

Goal 3: Manage our business effectively

We measure our success in managing our business effectively based on the relevance, quality, cost, and timely completion of our work. We also assess our working environment and our communications with our stakeholders.

The following discussion and exhibits report our actual performance compared with our planned performance.

Relevance of our work

Our indicator of the relevance of our work is the Standing Committee on Public Accounts' acceptance of our recommendations. We report on pages 27 to 28 that the Committee accepted 96% of our recommendations.

Based on the Committee's acceptance of our recommendations, we think our work is relevant.

Quality of our work

We have three indicators for measuring our success in producing quality products for the Assembly. We think our work needs to comply with professional standards, the Standing Committee on Public Accounts needs to be satisfied with our advice, and government agencies need to be satisfied with our work.

The Institute of Chartered Accountants of Saskatchewan periodically inspects our Office to ensure we comply with professional standards. We expect the Institute will report that it is satisfied our work complies with professional standards. On pages 54 to 55, we include the Institute's inspection report. The report indicates that the Institute is satisfied with our work.

To measure the Committee's satisfaction with our advice, we measure the Committee's acceptance of our recommendations. As previously discussed, we expect that the Committee will concur in 90% of our recommendations for improving the Government's performance reports and its management systems and practices. We report on pages 27 to 28 that the Committee accepted 96% of our recommendations. Based on this indicator, we think that the Committee is satisfied with our advice.

We want government agencies to be satisfied with our work. Our performance target is for survey results to show an increasing level of satisfaction with our work.

This year is the third year we surveyed government agencies about their satisfaction with our work. The work was related to our examinations of the agencies for their years ended in the period July 1, 1997 to June 30, 2000.

We sent surveys to 147 agencies and we received 78 completed surveys. We asked the agencies to tell us their level of satisfaction with our work as it relates to four areas. The areas cover satisfaction that:

- our planned work for the agency met its needs and that we carried out our work according to the plan (responsiveness);
- our employees were knowledgeable and carried out their work professionally and courteously (professionalism);
- our reports to the agency's Minister were understandable, fair, and accurate (reports); and
- our recommendations to the agency were feasible and result in proper management of public resources and accountability (recommendations).

We asked the agencies to express their level of satisfaction. The results of the survey are summarized in Exhibit 7:

Exhibit 7

Criteria	1999	2000	2001
Responsiveness	satisfied	satisfied	very satisfied
Professionalism	very satisfied	very satisfied	very satisfied
Reports	very satisfied	very satisfied	very satisfied
Recommendations	satisfied	satisfied	satisfied

The results indicate agencies are satisfied with our performance. While we are pleased with the results for the 53% of agencies that returned the survey, we are concerned that we do not know the level of satisfaction for the other 47% of the agencies surveyed. We will continue to encourage agencies to return future surveys so we can use the results to help improve our performance.

Completion of our work

For completing our work, we measure our success in two ways. First, we need to produce a Spring and Fall report for the Assembly. Second, we need to complete the work that is set out in our business and financial plan and we need to complete that work by the established deadlines.

For the most part, we completed the work set out in our 2001 *Business and Financial Plan*. We completed our 2000 Spring and Fall reports to the Legislative Assembly. We also reported our audit conclusions, findings, and recommendations to each government agency where we completed our work.

We could not complete some of the work set out in our 2001 *Business and Financial Plan*. We could not complete some of the work because of delays in receiving information from some government agencies. On page 68, we list the government agencies where we did not complete our audit for agencies' with fiscal years ended in the period July 1, 1999 to June 30, 2000 when we issued our 2001 Spring Report.

For the past five years, we devoted more of our resources to improving the timeliness of our audit of the Government's summary financial statements. The Government's summary financial statements are key for

legislators and the public to review the Government's financial performance. Exhibit 8 summarizes the dates we finished the audit of the Government's summary financial statements.

Exhibit 8

Year Ended	Completed audit
March 31, 1996	August 9, 1996
March 31, 1997	July 4, 1997
March 31, 1998	July 3, 1998
March 31, 1999	July 5, 1999
March 31, 2000	June 5, 2000

We expect to complete our audit of the Government's March 31, 2001 summary financial statements by June 5, 2001.

Also, for the past five years, we devoted more resources to improving the timeliness of the information we provide to the Assembly in our Spring and Fall reports. Our Spring reports now include our work on agencies with December year-ends and our Fall reports include our work on agencies with March year-ends.

We continue to be concerned about the timeliness of our reports to government agencies. When our work is late, government agencies have difficulty meeting their established deadlines. Also, they do not have the benefit of our advice to make timely improvements to their management systems and practices.

During the year ended March 31, 2001, we collected planned and actual data on the timeliness of our reports to government agencies. The planned dates are based on the dates that we agreed to provide our reports to government agencies. The reports include our assurance on the financial statements of government agencies and our advice on improving the agencies' management systems and practices.

The information we collected indicates that we provided 65% of our reports to government agencies by the agreed upon dates. We continue to work to improve our performance in this area.

Costs of our work

Our performance indicator for the costs of our work is the planned costs set out in our 2001 *Business and Financial Plan*. Our performance target is to complete the work within the planned costs.

Pages 43 to 47 show our actual costs for examining government agencies for years ending in the period July 1, 1999 to June 30, 2000 compared with our planned costs. We had the actual cost information audited. On page 42, our auditor reported that the information is reliable.

For the most part, we completed our work within our planned costs. We explain significant differences between planned and actual costs on page 52.

Our efficiency in the use of our resources

We have two performance indicators regarding our efficiency in using our resources. We want to show we are finding better ways to do our work. These indicators are our request for resources from the Assembly and how we manage our largest cost, which is salaries.

Each year, we prepare a detailed work plan to carry out our responsibilities under *The Provincial Auditor Act* and a forecast of the cost of that plan (see pages 43 to 44). For the purpose of Exhibit 9, our request for resources is the forecast cost of our plan.

Our performance target for 1996, 1997, and 1998 was to reduce our request for resources to carry out our work by 2% each year starting with 1996. Our performance target for 1999 and 2000 was to keep our request for resources at the same amount each year and thus to absorb inflationary increases. Our performance target for 2001 and 2002 is to absorb inflationary increases except for general salary and benefit increases that the Government gives to public servants. These targets do not take into account our need for more or less money caused by increased or reduced work for our Office when the Government creates or winds up government agencies.

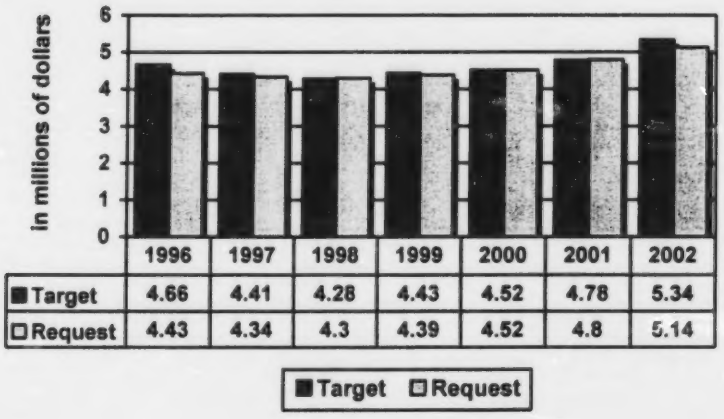
Each year, the Government adds new government agencies that add to our workload and winds up government agencies that reduce our workload. These changes to our workload affect our costs. Also,

sometimes we cannot finance the extra resources needed to examine a particular agency because of specific problems facing that agency. For example, because of our work at Health on *Toward 2000*, *we* asked for an extra $73,000 to examine the Government's systems and practices for managing its risks to its infrastructure for our 2001 *Business and Financial Plan*. Our business and financial plans provide lists of the new and wound up government agencies and their impact on our costs.

Exhibit 9 shows our targets and actual request for resources for the last seven years. The table shows our actual requests were lower than or equal to our target each year except for 1998 and 2001. In 1998 and 2001, our request was about $20,000 more than our target. In 2001, our request for resources included some market adjustments for salaries.

Exhibit 9

Target and Actual Request for Resources to carry out our work



	1996	1997	1998	1999	2000	2001	2002
Target	4.66	4.41	4.28	4.43	4.52	4.78	5.34
Request	4.43	4.34	4.3	4.39	4.52	4.8	5.14

Our performance target for how we manage our largest cost (salaries) is to use our employees' time according to our planned times set out in our 2001 *Business and Financial Plan*.

Page 49 shows the actual use of our employee's time compared with our planned use. The actual information for 1999, 2000, and 2001 is audited. Our auditor reported on page 48 that the information is reliable.

On page 53, we explain significant differences between planned and actual time.

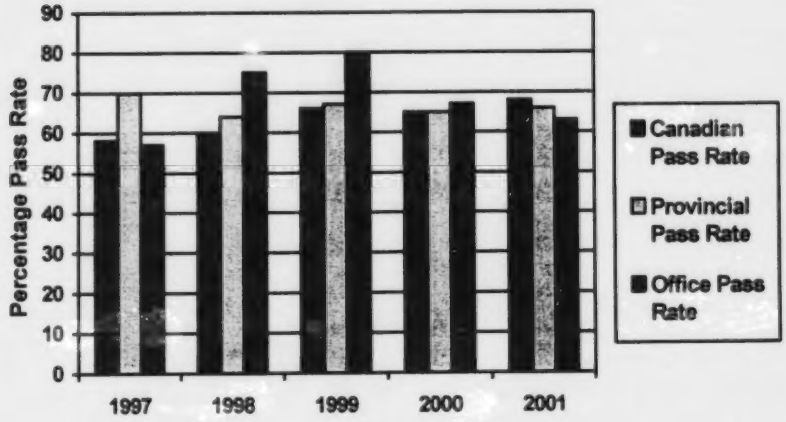
Developing trained professionals

We are a training office for people who want to become professional accountants. One of our measures of success is the number of employees who pass the uniform final examinations to become Chartered Accountants. Our performance target is to compare favourably with the provincial pass rate.

Exhibit 10 shows the percentage of our employees who passed the uniform final examinations for each of the last five years compared to the provincial and Canadian pass rate for each of the last five years.

Exhibit 10

Camparison of the Provincial Auditor's Office Pass Rate to the Provinical and Canadian Pass Rate



The exhibit shows our pass rate compares favourably with the provincial pass rate for three of the last five years. During the year ended March 31, 1997, one of our employees achieved the highest mark for Saskatchewan on the uniform final examinations.

Also, we train staff who want to become Certified Management Accountants (CMA) or Certified General Accountants (CGA).

Employees' satisfaction with their working environment

We want to ensure our employees are satisfied with their working environment. We gather information on employee satisfaction by using

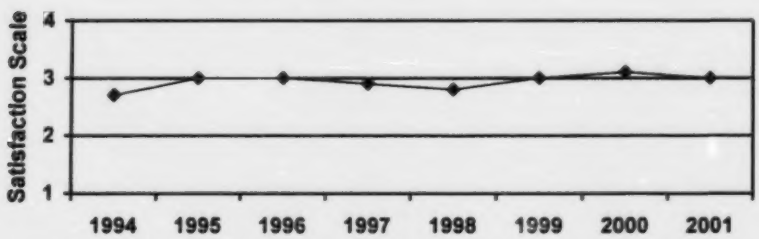
annual surveys. The current survey provides employees an opportunity to express their level of satisfaction with 13 key indicators of the Office's working environment.

We have done employee surveys for eight years. The survey results continue to indicate a positive level of satisfaction with the Office's working environment. Our current survey uses a rating scale of one through four where four is the most positive response. This year, the survey results had an average response of three for all 13 of the indicators.

Exhibit 11 shows the trend for the average response for all indicators. Our performance target is to have a positive trend with employees' satisfaction with their working environment. The exhibit shows employee satisfaction has remained fairly constant over the last three years.

Exhibit 11

Cumulative Average Response for all Indicators of Employee Satisfaction



Our performance in explaining to stakeholders why our work is relevant and done well

Our stakeholders need to know our work is relevant and done well. In this regard, we have several performance indicators. We need to explain to the Assembly what we plan to do and what we did.

We provide the Assembly with our business and financial plans. In the fall of 2000, we provided the Assembly with our 2002 *Business and Financial Plan*.

We explain to the Assembly what we did in three reports. This Report on operations describes our performance. Our Spring and Fall reports contain the results of our examinations of government agencies.

Also, the Assembly requires an audit of our Office. The auditor has the same audit responsibilities as our Office. We use the auditor's reports on our Office as a key performance indicator. Our performance target is that our auditor reports positively on the reliability of our financial statements, our compliance with *The Provincial Auditor Act*, and on the adequacy of our management systems and practices.

In this report, we provide the Assembly with our auditor's reports. On pages 56, 57, and 58 our auditor reports that our financial statements are reliable, we complied with the Act, and we had adequate management systems and practices.

Financial Highlights

Management discussion and analysis of our financial affairs

Pages 60 to 67 contain our audited financial statements.

The financial statements show our 2001 revenue was approximately $199,000 more than 2000 for a total of $4,784,000. The increase relates to the resources the Assembly provides to our Office. In our 2001 *Business and Financial Plan*, we asked the Assembly for $256,000 more for the year ended March 31, 2001 than 2000 to carry out our work. We needed more resources to examine new agencies created by the Government, to respond to salary pressures, to advance our reporting deadlines and to do more work related to the health system infrastructure. Our other revenue decreased by $57,000 primarily because we had fewer employees on secondment in 2001 than in 2000.

Total expenses for 2001 were approximately $325,000 more than 2000 for a total of $4,791,000. The increase relates to salaries, administration, agent and advisory services, and training and development.

Salaries increased in 2001 in response to external salary pressures. The economy continued to grow. One impact of this growth was that there were more job opportunities for professional auditors and auditors training to become professionals. The Government responded to this market pressure and provided a special increase to the salaries of professional auditors ranging from 5% to 12%. In addition, the Government gave economic adjustments to the salaries of its employees of 2% July 1, 1999 and 2% July 1, 2000. We responded to these salary pressures. In 2001, our average salary per employee increased $3,300 (6%) from 2000.

Administration expenses increased by approximately $37,000 compared to 2000. In 2000, we decided to delay the purchase of some computer equipment. In 2001, we acquired that computer equipment.

Agent and advisory services increased by $36,000 over 2000 mainly due to hiring agents to make our work more timely.

Training and development increased by $25,000 over 2000 because we resumed more of our specialized training in 2001. This training was delayed in 2000.

Our target is to maintain net financial assets equal to approximately one month's expenses for the Office. We maintain net financial assets so we can respond to pressure to improve the timeliness of our work, plan for ongoing expenses effectively, and finance short-term revenue shortfalls caused by responding to unplanned work.

The cost of our work is directly influenced by the types and amount of revenue and expense of the Government, the number of government agencies, the quality of the government's records, the cooperation we receive, and by changing professional standards. Based on the information we know about these factors at March 31, 2001, our request for resources from the Assembly for next year is $5.1 million.

The Standing Committee on Public Accounts recommends all Government agencies reporting to Treasury Board should provide a list of persons who have received money. While we do not report to Treasury Board, pages 69 and 70 show a list of persons who provided goods and services to the Office. The information in the list is similar to the information reported for government agencies included in Volume II of the Public Accounts.

AUDITOR'S REPORT

To the Members of the Legislative Assembly
of Saskatchewan

We have audited the Schedule of Actual Costs to Audit Government Agencies for the period as described in note 1, which is prepared in accordance with accounting principles as set out in the notes to the schedule of financial information. This schedule of financial information is the responsibility of the Office of the Provincial Auditor. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, this schedule presents fairly, in all material respects, the actual costs to audit government agencies for the period as described in note 1 in accordance with the accounting principles set out in the notes to the schedule of financial information.

May 11, 2001
Regina, Saskatchewan

Chartered Accountants

Office of the Provincial Auditor
Schedule of Actual Costs to Audit Government Agencies

Government Agency	2000 Planned Costs (Note 5)	2000 Actual Costs		2001 Planned Costs (Note 5)
Department of Agriculture and Food	$291,212	$278,411		$291,325
Department of Economic and Co-operative Development	48,895	16,641		34,113
Department of Education	195,835	207,618		176,831
Department of Energy and Mines	48,540	48,583		78,175
Department of Environment and Resource Management	127,930	136,747		158,265
Department of Finance	574,730	457,811	(1)	555,497
Department of Health	525,606	492,484		587,211
Department of Highways and Transportation	113,007	99,456		97,083
Department of Intergovernmental and Aboriginal Affairs	15,706	12,638		16,134
Department of Justice	196,025	174,527		211,736
Department of Labour	14,228	8,546		55,347
Department of Municipal Affairs, Culture and Housing	212,749	244,830		229,122
Department of Post-Secondary Education and Skills Training	503,977	502,814		607,000
Department of Social Services	172,396	137,164		160,202
Executive Council	14,833	26,365		16,541
Legislative Assembly	38,644	40,407		46,804
Public Service Commission	7,622	8,365		7,858
Women's Secretariat	3,391	3,294		3,497
Crown Investments Corporation of Saskatchewan	96,467	72,900		59,559
Municipal Financing Corporation of Saskatchewan	2,165	2,261		2,215
Saskatchewan Development Fund Corporation	6,116	1,808		6,264
Saskatchewan Forest Products Corporation	1,430	892		---
Saskatchewan Gaming Corporation	85,376	85,273		75,504
Saskatchewan Government Growth Fund Management Corporation	18,696	18,104		19,110
Saskatchewan Government Insurance	47,499	47,696		48,501
Information Services Corporation of Saskatchewan	28,625	4,632		5,041
Saskatchewan Liquor and Gaming Authority	102,870	239,019	(2)	237,516
Saskatchewan Municipal Board	6,204	2,711		3,270
Saskatchewan Opportunities Corporation	14,225	11,525		14,535
Saskatchewan Power Corporation	35,613	34,133		36,391
Saskatchewan Property Management Corporation	11,629	8,352		11,879
Saskatchewan Research Council	67,798	61,858		69,540
Saskatchewan Safety Council	15,320	18,777		15,800
Saskatchewan Telecommunications	37,746	40,027		50,237
Saskatchewan Transportation Company	11,173	6,485		11,425
Saskatchewan Water Corporation	39,812	48,151		17,122

(see accompanying notes)

Office of the Provincial Auditor
Schedule of Actual Costs to Audit Government Agencies
(continued)

Government Agency	2000 Planned Costs (Note 5)	2000 Actual Costs		2001 Planned Costs (Note 5)
SaskEnergy Holdings Ltd.	$19,613	$18,417		$20,530
Workers' Compensation Board	27,721	56,829		69,825
Government-Wide, Sectoral, and Special Issue Work	512,893	516,945	(3)	531,726
Legislative Committees and Public Reports	447,683	376,389	(4)	441,269
Total before secondments	$4,742,000	4,569,885	(5)	5,080,000
Secondments	56,000	41,238		56,000
TOTAL	$4,798,000	$4,611,123		$5,136,000

(see accompanying notes)

In Part I of our management discussion and analysis, on page 52, we discuss footnotes (1) to (5).

Office of the Provincial Auditor
Notes to the Schedule of Actual Costs to Audit Government Agencies

1. Purpose

This schedule shows the Office's actual costs, up to March 31, 2001, of auditing the various agencies of the Government for their years ending in the period July 1, 1999 to June 30, 2000 compared to the planned costs for that period. The schedule also shows the planned costs for auditing the various agencies of the Government for their years ending in the period July 1, 2000 to June 30, 2001.

2. Definitions

The following definitions are provided to help understand our cost allocation policies.

Total Costs - This is the total expenses reported in our audited financial statements (see page 61).

Audit hour - This is the time employees spend on the audits set out in the detailed work plans in our Business and Financial Plans.

Cost-per-hour - This is the hourly rate for an audit hour for each employee as set by the Office. (See Note 3.)

Direct costs - These are costs other than salaries that are directly related to specific audits (e.g. employees' travel costs).

Actual costs - These costs are determined by multiplying employees' audit hours times employees' costs-per-hour and adding to that result direct costs.

Average cost-per-audit hour - This is the total costs for the year less direct costs divided by the total audit hours for all employees for the year.

Secondments - The Office provides employees to others (e.g. Government agencies) to work under their direction. The Office calls these arrangements secondments.

3. Cost Allocation Policies

The Office allocates its total costs each year to the audits carried out during the year. Direct costs are charged directly to the relevant audit. For all other costs, the Office uses reported audit hours set out in employee time sheets as the basis of allocation.

The cost-per-hour is based on the employee's pay and benefits and a portion of other costs (rent, office administration and support services) allocated based on the office's expected time on audit activities. The cost-per-hour is adjusted periodically to reflect changing employee and office-wide circumstances.

The reported actual costs for each audit in the Schedule is determined by multiplying employees' audit hours for the relevant audit times the employees' costs-per-hour and adding to that result direct costs for that audit. For secondments, the cost-per-hour is based on the actual salary and benefits for those employees.

4. Additional Information

The Office's actual average cost-per-hour for 2001 is $77.94 (2000 - $72.39).

The Office's total actual direct costs for 2001 are $145,606 (2000 - $118,643).

The footnotes in the Schedule reference to the Management Discussion and Analysis on page 52. That information is unaudited.

Government agencies have various fiscal year ends (e.g., March 31, June 30, December 31). Due to the nature of auditing, some audit activity occurs before the government agencies' fiscal year ends; while other audit activity occurs after their year ends. As a result, employees' audit activities during our fiscal year relate to more than one fiscal year of a government agency.

Table 1 shows the actual costs of the audit activity we carried out during 2001 by the relevant fiscal year-ends of government agencies. Table 2 shows the years we incurred the costs to audit government agencies for years ending in the period July 1, 1999 to June 30, 2000.

Table 1
Total Costs for 2001
Allocated to Relevant Fiscal Year-ends of Government Agencies

Relevant Fiscal Year-ends	Costs Allocated
July 1, 2000 to June 30, 2001	$1,785,872
July 1, 1999 to June 30, 2000	2,975,786
July 1, 1998 to June 30, 1999	29,720
Total Costs	$4,791,378

Table 2
Actual Costs to Audit Government Agencies
for Their Years Ending in the Period July 1, 1999 to June 30, 2000
by the Year We Incurred the Costs

Year We Incurred Costs	Actual Costs
April 1, 2000 to March 31, 2001	$2,975,786
April 1, 1999 to March 31, 2000	1,635,337
Total Actual Costs Incurred	$4,611,123

5. Planned Costs

The planned costs set out in the Schedule are those presented to the Board of Internal Economy in the Office's 2001 and 2002 Business and Financial Plans.

AUDITOR'S REPORT

To the Members of the Legislative Assembly
of Saskatchewan

We have audited the Schedule of Actual Time Employees Spend on Tasks for the year ended March 31, 2001, which is prepared in accordance with the principles set out in the notes to the schedule of statistical information. This schedule of statistical information is the responsibility of the Office of the Provincial Auditor. Our responsibility is to express an opinion on this information based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the statistical information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statistical information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statistical information.

In our opinion, this schedule presents fairly, in all material respects, the actual time employees spend on tasks for the year ended March 31, 2001, in accordance with the accounting principles set out in the notes to the schedule of statistical information.

May 11, 2001
Regina, Saskatchewan

Chartered Accountants

Office of the Provincial Auditor
Schedule of Actual Time Employees Spend on Tasks
for the Period April 1, 1998 to March 31, 2001

	Actual			Planned (Note 4)	
Employee time	**1999**	**2000**	**2001**	**2001**	**2002**
Working hours	87%	84%	84%	85%	85%
Vacation leave and statutory holidays	11	14 [1]	13 [1]	13 [1]	13 [1]
Sick leave	2	2	3 [2]	2	2
Total paid hours	100%	100%	100%	100%	100%
Working hours tasks					
Audits	64%	62%	63%	63%	64%
Support services	13	14	14	13	13
Office administration	15	16	15	15	14
Training	8	8	8	9	9
Total working hours	100%	100%	100%	100%	100%
Number of full time equivalent positions before secondments	60	58	58	58	58
Secondments	1	1	0	1	1
Total full time equivalent positions	61	59	58	59	59

(see accompanying notes)

In Part II of our management discussion and analysis, on page 53, we discuss footnotes (1) and (2).

Office of the Provincial Auditor
Notes to the Schedule of Actual Time Employees Spend on Tasks
for the Year Ended March 31, 2001

1. Purpose

This schedule shows employee tasks and the percentage of time employees spent on these tasks. The schedule shows actual percentages for the years ended March 31, 1999 to March 31, 2001. The schedule also shows planned percentages for these tasks for the years ended March 31, 2001 and 2002.

2. Definitions

Working hours – This is the time available after deducting vacation leave, statutory holidays and sick leave.

Vacation leave and statutory holidays – Employees receive paid vacation leave. Leave is based on years of service. Employees also receive 11 paid statutory holidays.

Sick leave – Employees receive paid sick leave. The amount of paid leave is based on years of service.

Total paid hours – This is the total of working hours, vacation leave and statutory holidays, and sick leave. Employees must account for a minimum of 1950 total paid hours per year to receive full pay.

Secondments – Secondments refers to arrangements when the Office's staff work for others (e.g. Government agencies) under their direction.

Audit hours – This is the time employees spend on the audits set out in the Detailed Work Plan on page 43. This time includes secondments. Audit hours does not include the time spent on support services, office administration, and training.

Support services – This is the time employees spend on accounting, computer maintenance and support, and other administrative support.

Office administration – This is time employees spend on human resource activities, internal committees and working groups, office-wide and group planning activities, and time that does not fall within any other working hours task category.

Training – This is time employees spend on staff development courses and seminars. The time includes both employee attendance time and instructor time when our employees instruct our internal courses.

Full-time equivalent positions – This represents the total paid months divided by twelve months.

3. Time Allocation Policies

Employees are required to record on time sheets actual time spent on each task to the nearest quarter hour. The employees' supervisors approve the employees' time sheets. The Office records the time shown on the time sheets. The Office uses the information derived from the time sheets to pay employees and to monitor employees' performance. The Office also uses this information to determine the actual costs to audit government agencies.

4. Planned Time

The percentages of planned time for 2001 set out in the Schedule are those presented to the Board of Internal Economy in the Office's 2001 *Business and Financial Plan*. The percentages of planned time for 2002 set out in the Schedule are those presented to the Board of Internal Economy in the Office's *2002 Business and Financial Plan*.

Management Discussion and Analysis

Part I Schedule of Actual Costs to Audit Government Agencies

Explanation of differences between actual costs and planned costs more than $40,000.

1. *Department of Finance* – Our actual costs are approximately $117,000 less than our planned costs. Our costs for this year were reduced due to audit efficiencies and no new significant issues being identified, resulting in cost savings of approximately $70,000. In addition, we had planned to advance the completion date for our work on the Summary Financial Statements by contracting help at a cost of $40,000. We were able to advance the completion of the Summary Financial Statements by four weeks as planned. However, we did not hire contract help until later in the year to work on other government agencies where we had delayed work to focus on the Summary Financial Statements. As a result, some of the costs of this help are not yet reflected in our 2000 work plan costs.

2. *Saskatchewan Liquor and Gaming Authority* – To complete all of our work would cost a further $3,000. As a result, our actual costs are approximately $139,000 more than our planned costs. Our actual costs for this year were higher than our planned costs because, at the time of our budget submission, our special audit at the Saskatchewan Indian Gaming Authority was not anticipated. The special audit at Saskatchewan Indian Gaming Authority increased our costs by $138,000 and was reported in the 2000 Fall Report – Volume 2.

3. *Government-wide, Sectoral and Special Issue Audits* – To complete all of our work would cost a further $87,000. As a result, our actual costs are approximately $91,000 more than our planned costs. The increase in our costs is due to increased work of $43,000 on governance issues related to health district financial information. The *Health District Board Information for Financial Decisions* project was reported in the 2000 Fall Report – Volume 3. The audit of the Information Services Corporation of Saskatchewan project management processes is more complex than originally planned. As a result, this work will cost us $44,000 more than planned. Our 2001 Spring Report contains a status report and criteria we will use to complete the audit.

4. *Legislative Committees and Public Reports* – To complete all of our work would cost a further $2,000. As a result, our 2000 actual costs are approximately $69,000 less than our planned costs. During 2000, the Public Accounts Committee and Crown Corporations Committee did not meet to discuss our Reports. As a result, our staff did not attend as many of these meetings as planned thus decreasing our costs.

5. We expect it would cost another $224,044 to complete all of our work.

Part II Schedule of Actual Time Employees Spend on Tasks

Explanations of statistical differences in the use of employee time.

1. Our vacation leave and statutory holidays are similar to those provided to employees in the public service. In October 1991, the Government gave improved vacation entitlements to its employees (e.g., four weeks vacation after 8 years of service instead of 10 years). We provided this benefit to our employees in October 1994. We are now impacted by this increase in vacation entitlements as the average term of service with our Office continues to increase. In 2000, staff were encouraged to take their unused vacation entitlements from previous years.

2. In 2001, one employee had a lengthy illness.

Inspection Report

Chartered
Accountants
of Saskatchewan

The Institute of Chartered
Accountants of Saskatchewan
830 - 1801 Hamilton Street
Regina, Saskatchewan
S4P 4B4
Tel: (306) 359-1010
Fax: (306) 569-8288

PRIVATE & CONFIDENTIAL

Provincial Auditor
1500 1920 Broad Street
REGINA SK S4P 3V7

June 8, 1999

PRACTICE INSPECTION – FILE #2408

This is to advise that there were no reportable findings from the recently completed inspection of your office.

My report on the results of the inspection will be reviewed by the Practice Appraisal Committee at their next meeting. A final report will be sent to you after it has been considered by the Committee.

I thank you for the courtesy and consideration extended during the visit.

Sincerely,

Gary Erickson, CA
Director of Professional Standards

GE/ms

Enclosure

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Provincial Auditor
1500 1920 Broad Street
REGINA SK S4P 3V7

June 17, 1999

PRACTICE INSPECTION FILE #2408

At their meeting of June 16, 1999, the Practice Appraisal Committee reviewed the file relating to the inspection of your firm which was completed earlier.

The Committee asked me to advise that it has no additional comments to add.

Once again, I thank you for the courtesy and co-operation extended during my visit.

G. S. Erickson, CA
Director of Professional Standards

GSE/mls

Enclosure

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AUDITOR'S REPORT

To the Members of the Standing Committee on Public Accounts,
Province of Saskatchewan

We have examined the system of internal control of the Office of the Provincial Auditor in effect as at March 31, 2001. We did not examine certain aspects of internal control concerning the effectiveness, economy, and efficiency of certain management decision-making processes. The criteria for the examination of this system of internal control consisted of the control environment and control systems described in the Canadian Institute of Chartered Accountants Handbook.

Our examination was conducted in accordance with generally accepted auditing standards. Those standards require that we plan and perform an examination to obtain reasonable assurance whether the system of internal control established and maintained by management is sufficient to meet the control objectives referred to below. Such an examination includes obtaining an understanding of the system of internal control and performing tests of controls to determine whether the internal controls exist and operate effectively.

The management of the Office of the Provincial Auditor is responsible for establishing and maintaining a system of internal control to achieve the control objectives noted in a) to d) below. In fulfilling this responsibility, estimates and judgement by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system of internal control are to provide management with reasonable, but not absolute, assurance that:

a) the accounts are faithfully and properly kept to permit the preparation of financial statements in accordance with the appropriate basis of accounting;

b) all public money is fully accounted for and properly disposed of and the rules and procedures applied are sufficient to ensure an effective check on the assessment, collection and proper allocation of public money;

c) transactions are executed in accordance with management's authorization, public money expended is applied to the purpose for which it was appropriated by the Legislature and the expenditures have adequate statutory authority; and

d) essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public money against loss from unauthorized use or disposition.

Because of the inherent limitations in any system of internal control, errors or fraud may occur and not be detected. Also, projection of any evaluation of the system of internal control to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

In our opinion, based upon the above criteria, the system of internal control of the Office of the Provincial Auditor in effect as at March 31, 2001, taken as a whole, was sufficient to meet the objectives stated above insofar as those objectives pertain to the prevention or detection of errors or fraud in amounts that would be material in relation to the Office of the Provincial Auditor.

May 11, 2001
Regina, Saskatchewan

Chartered Accountants

AUDITOR'S REPORT

To the Members of the Standing Committee on Public Accounts,
Province of Saskatchewan

We have made an examination to determine whether the Office of the Provincial complied with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding of assets, spending, revenue-raising, borrowing and investing activities during the year ended March 31, 2001:

The Provincial Auditor Act

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the Office of the Provincial Auditor has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities during the year ended March 31, 2001.

May 11, 2001
Regina, Saskatchewan

Chartered Accountants

AUDITOR'S REPORT

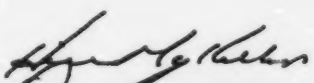
To the Members of the Legislative Assembly
of Saskatchewan

We have audited the statement of financial position of the Office of the Provincial Auditor as at March 31, 2001, and the statements of operations, cash flows and tangible capital assets for the year then ended. These financial statements are the responsibility of the Office of the Provincial Auditor. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Office of the Provincial Auditor as at March 31, 2001, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted public sector accounting principles.

May 11, 2001
Regina, Saskatchewan



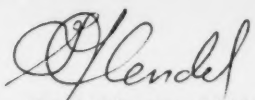
Chartered Accountants

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements included in the Annual Report on Operations of the Provincial Auditor Saskatchewan for the year ended March 31, 2001, are the responsibility of management of the Office. Management has prepared the financial statements in accordance with generally accepted public sector accounting principles. The financial information presented elsewhere in this annual report is consistent with that in the financial statements.

To ensure the integrity and objectivity of the financial data, management maintains a comprehensive system of internal controls including written policies and procedures, and an organizational structure that segregates duties. These measures provide reasonable assurance that transactions are recorded and executed in compliance with legislation and required authority, that assets are properly safeguarded, and that reliable financial records are maintained. The Office's system of internal controls and compliance with legislation have been audited by the firm of Hill McKillop Orr & Company, Chartered Accountants. Their reports to the Standing Committee on Public Accounts, stating the scope of their examinations and opinions on the Office's system of internal controls and compliance with the legislation appear on pages 56 and 57.

The financial statements have been audited by the firm of Hill McKillop Orr & Company, Chartered Accountants. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the financial statements, appears on page 58.



May 11, 2001
Regina, Saskatchewan

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF FINANCIAL POSITION
As at March 31

	2001	2000
Financial assets:		
Cash and cash equivalents (Note 3)	$ 470,690	$ 543,556
Accounts receivable		
- General Revenue Fund	---	3,689
- Fees (Note 4)	26,206	26,934
- Other	22,691	17,179
Total receivables	48,897	47,802
Prepaid expenses	5,777	12,782
	525,364	604,140
Liabilities:		
Accounts payable	101,352	58,627
Accrued vacation pay	103,012	86,919
Salary payable	---	114,608
Unamortized lease inducement (Note 5)	25,529	51,058
	229,893	311,212
Net financial assets	$ 295,471	$ 292,928
Net financial assets represented by:		
Accumulated revenue over expense	410,729	417,973
Less tangible capital assets (Statement 4)	115,258	125,045
Net financial assets	$ 295,471	$ 292,928

(See accompanying notes)

Statement 2

OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF OPERATIONS
For the Year Ended March 31

	2001		2000
	Budget (Note 6)	Actual	Actual
Revenue:			
General Revenue Fund - Appropriation	$ 4,698,000	$ 4,698,000	$ 4,442,000
Fees (Note 8)	100,000	86,134	143,621
Total revenue	4,798,000	4,784,134	4,585,621
Expense:			
Salaries	3,317,000	3,318,267	3,100,856
Administration	536,000	532,698	494,114
Employee benefits	420,000	420,331	417,011
Rent of space and equipment	251,000	268,935	264,498
Agent and advisory services	108,000	109,755	73,483
Training and development	149,000	141,392	116,310
Total expense	4,781,000	4,791,378	4,466,272
Excess of revenue over expense (expense over revenue)	17,000	(7,244)	119,349
Net change in tangible capital assets affecting operations	(17,000)	9,787	8,253
Surplus for the year	$ ---	2,543	127,602
Net financial assets, beginning of year		292,928	165,326
Net financial assets, end of year		$ 295,471	$ 292,928

(See accompanying notes)

Statement 3

OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2001	2000 (Note 11)
Cash flows from operating activities:		
Cash receipts:		
General Revenue Fund - Appropriation	$ 4,698,000	$ 4,442,000
Fees and other	142,252	191,982
	4,840,252	4,633,982
Cash disbursements:		
Salaries	3,416,783	3,180,132
Suppliers and other	1,496,335	1,413,085
	4,913,118	4,593,217
Increase (decrease) in cash and cash equivalents	(72,866)	40,765
Cash and cash equivalents, beginning of year	543,556	502,791
Cash and cash equivalents, end of year (Note 3)	$ 470,690	$ 543,556

(See accompanying notes)

Statement 4

OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF TANGIBLE CAPITAL ASSETS
For the Year Ended March 31

	2001			2000
	Hardware & Software	Furniture & Equipment	Total	Total
Opening costs of tangible capital assets	$ 872,249	$ 262,266	$ 1,134,515	$ 1,080,136
Additions during the year	80,524	14,877	95,401	108,031
Disposals during the year (Note 9)	409,549	10,630	420,179	53,652
Closing cost of tangible capital assets	543,224	266,513	809,737	1,134,515
Opening accumulated amortization	772,281	237,189	1,009,470	946,838
Annual amortization*	95,500	9,688	105,188	116,284
Disposals (Note 9)	409,549	10,630	420,179	53,652
Closing accumulated amortization	458,232	236,247	694,479	1,009,470
Net book value of tangible capital assets	$ 84,992	$ 30,266	$ 115,258	$ 125,045

* included in the Statement of Operations as an Administration expense

(See accompanying notes)

OFFICE OF THE PROVINCIAL AUDITOR
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2001

1. General Information

The Provincial Auditor Act establishes the Office of the Provincial Auditor. The Office is part of the Legislative Branch of Government. The Office:

- examines the administration of government programs and activities carried out by government departments, health and education institutions, commissions, boards, and Crown corporations;
- reports the results of examinations to the Legislative Assembly and the public; and
- helps the Standing Committees on Public Accounts and Crown Corporations in their review of the Provincial Auditor's reports, the Public Accounts, and other reports.

2. Summary of Accounting Policies

The Office used the public sector accounting principles recommended by The Canadian Institute of Chartered Accountants to prepare these financial statements. The following accounting principles are considered to be significant:

(a) Basis of Accounting

The financial statements are prepared on the expense basis of accounting.

(b) Revenue

The appropriation from the General Revenue Fund is recorded when receivable.

Fee revenue is recognized on the basis of the percentage of work completed for those government agencies that have signed contracts to pay fees or have otherwise agreed to pay fees.

(c) Tangible Capital Assets

Tangible capital assets are reported at cost less accumulated amortization. Amortization is recorded on a straight-line basis at rates based on estimated useful lives of the tangible capital assets as follows:

Computer hardware	3 years
Computer software	3 years
Furniture (desks, file cabinets)	10 years
Other furniture	5 years
Other equipment	3 years

(d) Accrued Vacation Pay

The value of vacation entitlements earned to the year end but not taken are recorded as a liability.

(e) Salary Payable

The former Provincial Auditor was entitled to an amount equal to two months of salary for each year of employment as Provincial Auditor to a maximum of 12 months salary.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of interest-bearing money on deposit with the bank and short-term securities. Investments are carried at amortized cost which approximates market value. The interest rates range from 4.6 to 5.75%.

Cash and cash equivalents included in the cash flow statement are represented by:

	2001	2000
Cash	$ 70,900	$ 190,494
Short-term securities	399,790	353,062
Total cash and cash equivalents	$ 470,690	$ 543,556

4. Accounts Receivable

Fees:

These receivables are short-term, due from government agencies, and non-interest bearing.

5. Unamortized Lease Inducement and Commitments

During the year ended March 31, 1996, the Office and its landlord made new leases agreeing to changed conditions and reduced costs for the Office's space. The Office agreed to rent the premises until March 31, 2002 and make future annual lease payments, before escalation adjustments, of:

Year ending March 31	Amount
2002	$ 253,413

The landlord agreed to provide the Office inducements totaling $217,870. This amount is being amortized over the life of the lease.

The Office is also committed to make future annual payments for operating leases and professional service contracts of:

Year ending March 31	Amount
2002	$ 102,454
2003	$ 30,636
2004	$ 16,945
2005	$ 13,737
2006	$ 4,115

6. Budget

These amounts represent the General Revenue Fund appropriation requested from the Board of Internal Economy to discharge the Provincial Auditor's duties under *The Provincial Auditor Act*. The Board recommended the requested appropriation of $4,698,000.

The Budget is requested using an expenditure basis of accounting where capital assets purchased in the period are recorded as expenditures. The administration portion was included in that Budget on an expenditure basis at $553,000 and total expenditure was $4,798,000.

7. Pension Plan

The Office participates in a defined contribution pension plan for the benefit of its employees. The Office's financial obligation to the plan is limited to making regular payments of 5.75% of employees' salaries for current service. The Office's annual pension expense for 2001 amounted to $165,553 (2000 - $143,812).

8. Fees

	2001		2000
	Budget	Actual	Actual
Total fees	$ 123,000	$ 111,089	$ 166,366
Fees transferred to the General Revenue Fund	23,000	24,955	22,745
	$ 100,000	$ 86,134	$ 143,621

The Office charges fees for work that is not included in the budget recommended to the Board of Internal Economy. The Office uses these fees to finance the work.

In special circumstances, the Office also charges fees for work that is included in the budget recommended to the Board of Internal Economy. The Office transfers these fees to the General Revenue Fund.

9. Tangible Capital Assets

Disposals:

During 2001, the office disposed of obsolete software and hardware of nominal value. These tangible capital assets were fully amortized.

10. Financial Instruments

The Office's financial instruments include cash and investments, accounts receivable, accounts payable, accrued vacation payable, and salary payable. The carrying amount of these instruments approximates fair value due to their immediate or short-term maturity. These instruments have no significant interest rate and credit risk.

11. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Schedule of Audits Not Done for the Government's Agencies with Years Ended in the Period July 1, 1999 to June 30, 2000

There are approximately 256 government agencies that we are required to audit.

We audit and report whether the financial reports provided by the Government are reliable and credible, and whether the Government complied with the main legislative authorities governing its activities, and how well the Government safeguards public assets, prepares financial reports, and effectively manages public resources.

Following is a list of Government agencies where our audit was not done when we completed our 2001 Spring Report. For two of these agencies, we could not complete our work because of delays in receiving information. In the other two cases, we have not been given access to the necessary information.

Delayed Audits:	**Year End**
Teachers' Superannuation Commission	June 30
Public Trustee of Saskatchewan	March 31
Denied Access to Information:	
SaskPen Properties Ltd.	December 31
SP Two Properties Ltd.	March 31

Additional Supplementary Information

List of employees earning $2,500 or more and their earnings for the year ended March 31, 2001.

Ahmad, Mobashar	$96,794	Kuntz, Linda A.	28,896
Anderson, Mark T.	73,458	Lahti, Johan J.	33,048
Atkinson, Brian R.	102,571	Lahti, Kami J.	34,762
Bachelu, Gaylene K.	24,441	Lees, Trina C.	24,223
Baronowsky, Tricia A.	29,170	Lindenbach, Michelle D.	4,800
Beblow, Jolene T.	59,679	Lowe, Kimberley I.	32,221
Black, Robert L.	76,718	Markewich, Dale P.	66,117
Borys, Angèle M.	76,935	Martens, G. Andrew	84,511
Brezinski, Curtis T.	7,289	Matchett, Joanne M.	59,686
Burrows, Jamie A.	37,680	Montgomery, Edward	91,768
Clemett, Tara L.	44,607	Nyhus, Glen D.	84,511
Creaser, Philip M.	84,511	Oldershaw, Mark J.	32,221
Daviduik, Krista D.	25,094	Orrange, Loyd	67,923
DeCorby, Michelle M.	3,822	Paul, Charlene A.	28,294
Deis, Kelly W.	68,313	Paul, Kent W.	24,223
Dickin, Deann J.	40,861	Pradhan, Karim S.	69,161
Duran, Jason S.	40,157	Rybchuk, Corrine P.	68,192
Duran, Joel K.	34,000	Salman, Salma S.	21,918
Ferguson, Judy D.	91,768	Schiller, Rita L.	24,820
Forgie, Leanne M.	31,763	Schwab, Amy P.	27,190
Fysh, Cindy M.	26,680	Schwab, Victor A.	71,560
Grabarczyk, Roderick A.	84,506	Shorten, Karen E.	30,591
Harasymchuk, William W.	73,812	Smith, Curtis L.	36,632
Harrison, Garnet G.	51,611	Sommerfeld, E. Regan	26,957
Heffernan, Michael A.	95,324	Strecker, Rena A.	35,517
Hungle, Angie D.	27,057	Strelioff, Wayne K.	6,336
Jersak, Rodd S.	76,935	Szaroz, Jennifer J.	24,223
Kenny, Wade A.	34,349	Talbot, Marjory E.	18,458
Kirchner, Carolyn	14,178	Tomlin, Heather D.	42,876
Knox, L. Jane	84,511	Volk, Rosemarie M.	80,983
Kodas, John	29,928	Walker, Sandra J.	59,216
Kossmann, Stephanie L.	4,800	Watkins, Dawn L.	30,755
Kress, Jeffrey J.	54,573	Wendel, G. Fred	120,526
Kucher, Tara L.	18,326	Wendel, Leslie E.	80,925
		Payees under $2,500	1,913
		Increase in accrued vacation leave payable	16,093
			$3,318,267

Additional Supplementary Information

SUPPLIERS

List of persons or organizations that provided goods and services to the Office of the Provincial Auditor for $20,000 or more for the year ended March 31, 2001.

Canada Life Insurance Company	$ 26,639
Canadian Comprehensive Auditing Foundation	21,595
Dell Computer Corporation	35,613
Dell Financial Services Canada	38,732
Houghton Boston Printers	22,923
Institute of Chartered Accountants of Saskatchewan	54,525
Merchant Law Group	50,300
Printwest Communications	23,428
S & U Homes	240,245
Saskatchewan Property Management Corporation	24,431
Saskatchewan Telecommunications	37,911
Software Spectrum	20,940
Xerox Canada Ltd.	20,767
	618,049
Suppliers under $20,000	268,089
	$ 886,138

OTHER EXPENDITURES

List of statutory expenditures of the Office of the Provincial Auditor for $20,000 or more for the year ended March 31, 2001.

Public Employees Dental Plan	$ 35,585
Public Employees Disability Plan	32,383
Public Employees Pension Plan	165,553
Receiver General for Canada - Canada Pension Plan	76,207
Receiver General for Canada - Employment Insurance	63,640
	373,368
Other expenditures under $20,000	16,477
	$ 389,845